



New
Democrat
Coalition

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Public Option Framework

Compete on a level playing field

- A public option should not be based on Medicare reimbursement rates.
- A public option should not compel doctors and hospitals to participate in a public plan because they participate in Medicare.
- A public option must be self-sustaining. It should pay claims with money raised from premiums and co-payments. It should not receive tax revenue or appropriations from the government, utilize the Medicare claims processing system, or rely upon the General Treasury for overruns in administrative costs.
- Any subsidies made available by the federal government to purchase health insurance should be made available for people who enroll in a private or public health care plan.
- A public option should not be managed by those who regulate the insurance market.
- A public option must be actuarially sound. The benefits, rating rules, and other features of a public option must abide by the same rules as private plans.
- A public option must pay state premium taxes in the same manner as private plans.
- A public option would have to follow rules on standards for a complete network of providers, marketing rules, and patient appeals of claims denials.
- A public option must establish a reserve fund in the same way that private plans are required to do so now.

Accountability

Congress should establish a commission to review and determine the effect of the public option on the marketplace and whether it is improving competition and other quality improvement metrics after 4 years. The commission would report its findings to Congress with a recommendation of how to proceed and Congress would be required to act on these findings.

The health care industry should also be encouraged to deliver on its pledge to reduce the annual growth rate in health care costs by 1.5 percentage points through improvements in the value of the health care it delivers. While no industry sector should be held accountable for the failings of other sectors, each player should be held accountable for its share of the commitment to reducing costs and improving quality.